

**STATEMENT OF
COMMISSIONER JONATHAN S. ADELSTEIN,
APPROVING IN PART, DISSENTING IN PART**

Re: *Federal-State Joint Conference on Accounting Issues, 2000 Biennial Regulatory Review—Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers: Phase II, Jurisdictional Separations Reform and Referral to the Federal-State Joint Board, Local Competition and Broadband Reporting, WC Docket No. 02-269, CC Docket Nos. 00-199, 80-286, 99-301.*

In 2002, the Federal-State Joint Conference on Accounting Issues was established and charged with facilitating “cooperative federal and state review of regulatory accounting and related reporting requirements in order to determine their adequacy and effectiveness in the current market and make recommendations for improvements.” The need for Federal and State policymakers to have access to thorough, accurate and reliable information has been demonstrated in sharp relief over the past two years. Strong accounting and reporting rules play a critical role in protecting consumers and promoting investor confidence. The Joint Conference took seriously its task and delivered to this Commission a set of recommendations that reflected the considerable expertise and breadth of experience possessed by its Federal and State members and staff.

I support much of this Order and am pleased that it implements a number of the recommendations of the Joint Conference. The item provides needed certainty on those accounting and reporting items which have been suspended since 2002. I am also pleased that the Commission makes efforts to accommodate the Joint Conference’s views in some areas where the Order does not adopt the Joint Conference’s recommendations in full. For example, while the Order declines to adopt separate accounts for interconnection revenues, it does require subsidiary accounts to address in part the Joint Conference’s concerns.

In other areas, however, this Order casts aside the recommendations of the Joint Conference. Despite the Act’s call for Federal-State partnership on accounting and recordkeeping issues, this Order dismisses several of the Joint Conference’s requests for additional information with promises to consider those issues in other proceedings. I expect that the Commission will act expeditiously on these issues. Most troubling is the Commission’s dismissal of all of the Joint Conference’s recommendations on the affiliate transaction rules. Given this Commission’s increasing reliance on these safeguards, it strikes me as unwise to discount wholly the Joint Conference’s recommendations here. For this reason, I dissent in part from the item.

Finally, I would like to thank the Federal and State members of the Joint Conference for their dedication and contributions on these complex issues.